

Congress of the United States
Washington, DC 20515

October 21, 2021

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-222, U.S. Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

Dear Speaker Pelosi and Minority Leader McCarthy:

The ongoing semiconductor shortage is hurting the automotive industry, American workers, and our nation's competitiveness by the hour. We write to express the continued bipartisan urgent need for Congress to act swiftly to pass funding for the *Creating Helpful Incentives for the Production of Semiconductors (CHIPS) for America Act* that would specifically support at least \$2 billion for the automotive industry. An industry that is uniquely experiencing a grim outlook—for production and jobs—for the remainder of the year, as well as the years ahead, due to the prolonged global semiconductor shortage.

While you have already heard from many members on the critical need to address this ongoing supply chain crisis, we are sending this letter to reinforce the dire consequences the automotive industry as a whole—and the nation—faces if we fail to advance legislation soon that would fully fund the CHIPS Act and provide the necessary support for the industry at the same time. Right now, all of the major American automotive manufacturers are hurting and conditions are getting worse. According to IHS data, U.S. vehicle production is forecast to contract faster than the rest of the world. The shortage in “mature node” semiconductor chips, or “legacy chips,” that are used in today's vehicles are forcing manufactures to temporarily halt production assembly lines, negatively impacting both suppliers and American workers. If this shortage is further prolonged, we fear more assembly plants will be faced with temporary shutdowns or long-term disruptions, and more workers will suffer furloughs or even layoffs. In addition, consumers are experiencing long-delayed delivery orders and dramatic increases in vehicle prices.

As you may know, the *CHIPS Act* authorization was enacted into law at the end of 2020 as part of the William M. (Mac) Thornberry National Defense Authorization Act (NDAA) but never received appropriations. To address this, in June of 2021, the U.S. Senate advanced the U.S. Innovation and Competition Act, which contained \$52 billion to expand domestic semiconductor capacity, including a provision to provide \$2 billion specifically for critical “mature node” semiconductor chips used in the automotive industry. To address this crisis head-on and for the long-term, the first and best thing we can do is advance immediate, identical legislation that includes this important appropriation for “mature node” semiconductors.

Strengthening our semiconductor supply chains will not happen overnight—because of the long timeframes involved, we must begin to implement these long-term measures immediately.

This crisis has highlighted a weakness in our domestic manufacturing supply chains and should be a code red alarm for every decision-maker and policy expert. This is and will continue to have a direct negative impact on the health of our economy if nothing is done soon. AutoForecast Solutions has found that if the shortage continues as it is, there could be 2.1 million fewer vehicles made in North America in 2021. The shortage, according to AlixPartners, is also set to cost the global automotive industry \$210 billion in revenue in 2021, lowering the global vehicle output by 7.7 million vehicles—a number which could climb even higher. For context, the United States made 37% of global chips in 1990, but now that number has dramatically fallen to around 12% today. The future of America’s competitiveness is at stake. And American jobs are at stake.

If we are to keep the United States the center of the global automotive industry and ensure our workforce remains strong, we need to act fast to mitigate the harms of this semiconductor supply shortage over the long run. Again, we urge you to set a path for the U.S. House of Representatives to bring legislation forth that will provide these important appropriations to help strengthen our automotive domestic supply chains. Thank you for your consideration of this important request, and we stand ready to do whatever is needed to assist you in advancing this funding through Congress. It is imperative we act without further delay.

Sincerely,

Debbie Dingell
Member of Congress

Fred Upton
Member of Congress

Marcy Kaptur
Member of Congress

Brian Fitzpatrick
Member of Congress

Daniel T. Kildee
Member of Congress

Peter Meijer
Member of Congress

Kathleen Rice
Member of Congress

Buddy Carter
Member of Congress

Brenda L. Lawrence
Member of Congress

Mike Kelly
Member of Congress

Robin Kelly
Member of Congress

David Kustoff
Member of Congress

Josh Gottheimer
Member of Congress

Carlos A. Gimenez
Member of Congress

Haley Stevens
Member of Congress

John Katko
Member of Congress

André Carson
Member of Congress

David B. McKinley, P.E.
Member of Congress

Tim Ryan
Member of Congress

Bill Johnson
Member of Congress

Thomas R. Suozzi
Member of Congress

Grace Meng
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Joseph D. Morelle
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Conor Lamb
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Nikema Williams
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Sharice L. Davids
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Frank J. Mrvan
Member of Congress

Julia Brownley
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Steve Cohen
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Terri A. Sewell
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Sanford D. Bishop, Jr.
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Elissa Slotkin
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Colin Allred
Member of Congress

John Yarmuth
Member of Congress

Angie Craig
Member of Congress

Brian Higgins
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Al Lawson
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Lori Trahan
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Danny K. Davis
Member of Congress

André Carson
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Andy Levin
Member of Congress